



For the Year Ended June 30, 2008

TABLE OF CONTENTS

	PAGE
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-9
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds	12
Reconciliation of Fund Balances on the Balance Sheet for Governmental	
Funds to Net Assets of Governmental Activities on the Statement of	
Net Assets	13
Statement of Revenues, Expenditures and Changes in Fund	
Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes	
in Fund Balances of Governmental Funds to the Statement of	
Activities	15
Statement of Revenues, Expenditures and Changes in Fund Balance –	
Budget and Actual:	
General Fund	16-18
Statement of Fiduciary Net Assets and Liabilities	19
Statement of Changes in Fiduciary Net Assets	20
Notes to the Financial Statements	21-35
Combining and Individual Fund Financial Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	36
Combining Statement of Revenue, Expenditures and Changes in	
Fund Balances – Nonmajor Governmental Funds	37
Combining Balance Sheet – Nonmajor Special Revenue Funds	38
Combining Statement of Revenue, Expenditures and Changes in Fund Balances -	
Nonmajor Special Revenue Funds	39
Combining Balance Sheet – Nonmajor Debt Service Funds	40-41
Combining Statement of Revenue, Expenditures and Changes in Fund Balances –	
Nonmajor Debt Service Funds	42-43
Schedule of Changes in Fund Balance – Budget to Actual	
General Fund	44
Schedule of Revenue – Budget to Actual	
General Fund	45
Schedule of Other Financing Sources (Uses) – Budget to Actual	
General Fund	46

For the Year Ended June 30, 2008

TABLE OF CONTENTS

	<u>PAGE</u>
Single Audit	
Schedule of Expenditures of Federal Awards	47-48
Notes to Schedule of Expenditures of Federal Awards	49
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	50-51
Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With	52.52
OMB Circular A-133	52-53
Schedule of Findings and Questioned Costs	54-57



INDEPENDENT AUDITORS' REPORT

October 31, 2008

Board of Education Gibraltar School District Woodhaven, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of *GIBRALTAR SCHOOL DISTRICT*, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

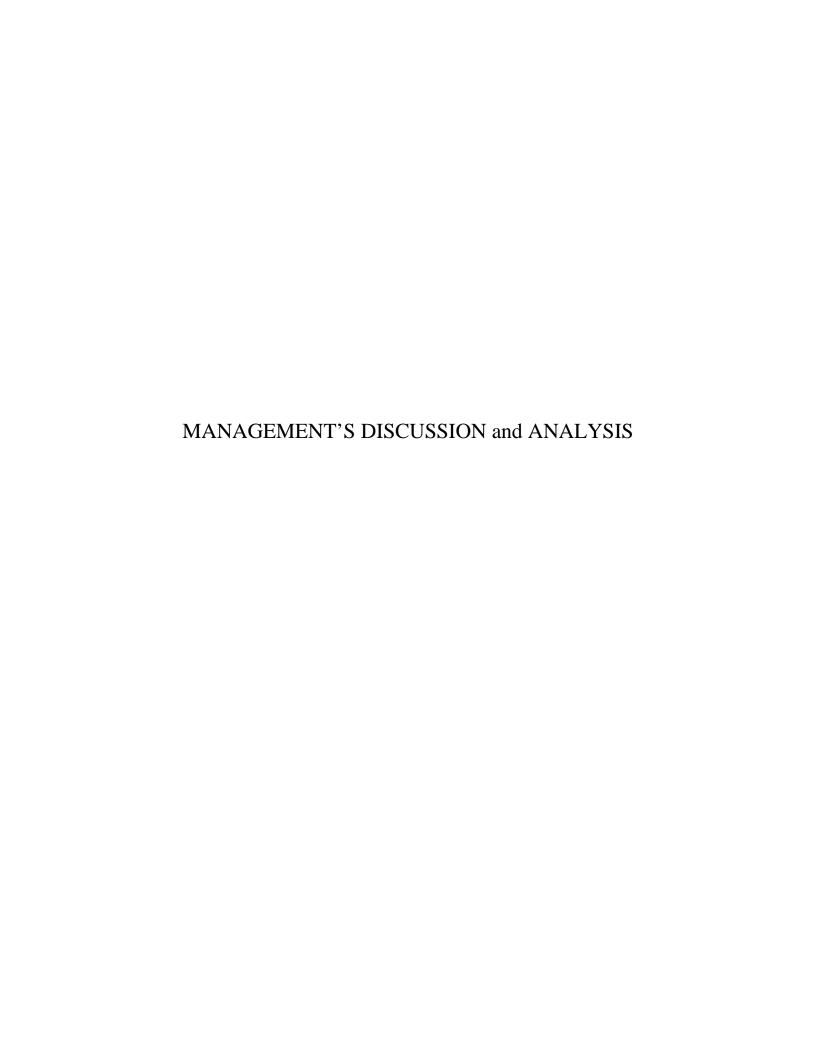
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Gibraltar School District, as of June 30, 2008, and the respective changes in financial position thereof and the budgetary comparisons for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2008, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3-9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Gibraltar School District's basic financial statements. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit* Organizations, and is also not a required part of the basic financial statements of Gibraltar School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

Rehmann Lobson



MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Gibraltar School District annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2008. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Gibraltar School District financially as a whole. The *District-wide Financial Statements* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the district-wide financial statements by providing information about the School District's most significant funds - the General Fund and the Capital Project Fund with all other funds presented in one column as nonmajor funds. The remaining statement, the statement of fiduciary net assets, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents.

Management's Discussion & Analysis (MD&A)
(Required Supplemental Information)
Basic Financial Statements

District-wide Financial Statements

Notes to the Basic Financial Statements

Other Supplemental Information

Reporting the School District as a Whole - District-wide Financial Statements

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net assets and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's net assets - the difference between assets and liabilities, as reported in the statement of net assets - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net assets - as reported in the statement of activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools to assess the overall health of the School District.

The statement of net assets and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, supporting services, community services, athletics, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

Reporting the School District's Most Significant Funds - Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Service and Athletics Funds are examples) or to show that it's meeting legal responsibilities for using certain taxes, grants, and other money (like bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

Governmental funds - All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds in reconciliation.

The School District as Trustee - Reporting the School District's Fiduciary Responsibilities

The School District is the fiduciary for the funds held on behalf of others. All of the School District's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The School District is the trustee for the Special Purpose/Trust accounts. These accounts include donations or gifts designated for a specific purpose (i.e. Scholarships). It also acts as the custodial agent for the district's student activity funds.

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole and over time, may serve a useful indicator of a government's financial position. Below is a summary of the School District's net assets as of June 30, 2008 and 2007.

District's Net Assets

	Governmental <u>Activities</u>			
	(in millions)			
	2008 20			2007
Assets				
Current and other assets	\$	19.0	\$	18.8
Capital assets		59.8		61.2
Other assets		.5	_	.5
Total assets		<u>79.3</u>		80.5
Liabilities				
Current liabilities		6.2		8.1
Long-term liabilities		52.6		54.2
Total liabilities		<u>58.8</u>		62.3
Net Asset				
Invested in capital assets – net of related debt		13.2		12.5
Restricted		1.7		1.2
Unrestricted (deficit)	_	5.7		4.5
Total net assets	\$	20.6	<u>\$</u>	18.2

The increase in total assets and total liabilities at June 30, 2008 from June 20, 2007 is directly related to the construction and renovation of the district's buildings paid for through the issuance of Building and Site Bonds. The School District's net assets were \$20.6 million at June 30, 2008. Capital assets, net of related debt totaling \$13.2 million, compares the original cost, less depreciation of the School District's capital assets, plus any unspent bond proceeds to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use those net assets for day-to-day operations. The remaining amount of net assets, \$5.7 million, was unrestricted.

The \$5.7 million in unrestricted net assets of governmental activities represents the *accumulated* results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the School District as a whole are reported in the statement of activities. Below is a summary of the School District's changes in net assets for the years ended June 30, 2008 and 2007.

District's Changes in Net Assets

nges m ree rassees	Governmental Activities			tal
		(in millions)		
	200			007
Revenue:				
Program revenue:				
Charges for services	\$	2.0	\$	1.9
Operating grants and contributions		2.8		2.7
General Revenue:				
Property taxes	1	0.6		10.7
State school aid	2	22.3		21.7
Other		1.8		1.7
Total revenue	3	39.5		38.7
Expenses:				
Instruction	1	8.5		16.9
Support services	1	1.0		10.1
Community services		.5		.4
Athletics		.6		.6
Food service		1.4		1.4
Interest on long-term debt		2.6		2.4
Other		.5		.4
Unallocated depreciation		2.0		1.5
Total expenses	3	37.1		33.7
Change in net assets		2.4		5.0
Net assets, beginning of year (restated)	1	8.2		13.2
Net assets, end of year	<u>\$ 2</u>	<u> 20.6</u>	<u>\$</u>	18.2

As reported in the statement of activities, the cost of all of our *governmental* activities this year was \$37.1 million. Certain activities were partially funded from those who benefited from the programs (\$2.0 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$2.8 million). We paid for the remaining "public benefit" portion of our governmental activities with \$10.6 million in taxes, \$22.3 million in state foundation allowance and special education, and with our other revenues, i.e., interest and general entitlements.

The School District experienced an increase in net assets of \$2.4 million. Key reasons for the change in net assets were the general fund revenues exceeded the expenses due to the increased student count for 2007-2008 school year and the increase in the state foundation per pupil allowance.

As discussed above, the net cost shows the financial burden that was placed on the state and the School District's taxpayers by each of these functions. Since property taxes for operations and unrestricted state aid constitute the vast majority of district operating revenue sources, the Board of Education and administration must annually evaluate the needs of the School District and balance those needs with state-prescribed available unrestricted resources.

The School District's Funds

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$15.5 million, which is an increase of \$1.8 million from last year. The primary reasons for the change are as follows:

In the General Fund, our principal operating fund, the fund balance increased from \$4,867,488 to \$6,521,215. The change is mainly due to:

- An increase in foundation allowance revenue due to an increase in blended student enrollment over the 2006-2007 count. The per pupil allocation was increased by \$89 per student from the previous year; the district was entitled to \$7,542 per student. We received the full entitlement with no proration.
- An increase in regular and special program expenditures due to increases in salary and contracted services.
- Although the State-determined retirement rate decreased this year, there was an increase in retirement and FICA payments due to an increase in staff and their wages.
- The district did not need to borrow against the anticipated State Aid; therefore, saving interest payments.

General Fund balance is available to fund costs related to allowable school operating purposes. The district acts as the fiscal agent for the consortium's alternative high school program housed at the Downriver High (Barrow) School. The revenues and expenses are included in the district's financial statements and the fund balance is also included.

The Capital Projects Fund showed a net increase of \$0.1 million due to the continued construction on the wide area network and purchase of technology equipment.

Our Special Revenue Funds for the cafeteria program showed a net decrease of approximately \$19,000. This decrease was caused by purchases made for equipment for the kitchens in the district's buildings. The athletic program transfer from the general fund was increased by approximately \$22,000 from the amount transferred the previous year. Athletic revenue from ticket sales and miscellaneous income remained the same as the previous year,

Combined, the Debt Service Funds showed a fund balance increase of \$57,000. Millage rates were reduced to a total of 5.49 mills and were adjusted for the individual Debt Service Funds fund balances. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Durant debt obligations are funded by annual state appropriation, and no fund balance exists at year-end. Debt Service Funds fund balances are reserved since they can only be used to pay debt service obligations.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2008. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided with the basic financial statements.

There were revisions made to the 2007-2008 General Fund original budget. Budgeted revenues were increased due to a change in certain categorical revenue from the State and Federal Grants and an increase in foundation allowance payments due to actual student enrollment exceeding the original estimates. The combination of changes was a \$1.2 million increase to the original budget for revenue in total.

Budgeted expenditures were also increased to account for the increase in salaries, fringe benefits and purchased professional services resulting from the School District's revised operating plan due to the fluctuations in revenue and increase in staff. The amount of transfers to other funds established in the amended budget was \$.5 million and represents support provided by the General Fund to other functions.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2008, the School District had \$59.8 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture and equipment. This year's additions included a capital lease for copier equipment, building renovations and a bus purchase, less depreciation.

In 2007-2008, work continued on preparation for the wide area fiber network and acquiring the necessary permits needed from all the municipalities that are in the Gibraltar School District. We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the School District had \$54.5 million in bonds outstanding versus \$56.9 million in the previous year. The final payment was made on the 1996 General Obligation Bonds in May, 2008. The outstanding bonds consist of the following:

2002 School Building and Site Bonds	\$ 3,215,000
2003 Refunding Bonds	3,005,000
2002 Series II Building and Site Bonds	24,390,000
2005 Refunding Bonds	10,130,000
2007 Refunding Bonds	5,710,000
2008 Refunding Bonds	8,000,000

Total \$ 54,450,000

The state limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues "Qualified Debt", i.e., debt backed by the State of Michigan, such obligations are not subject to this debt limit.

Other obligations include accrued early retirement/severance incentives and capital leases. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

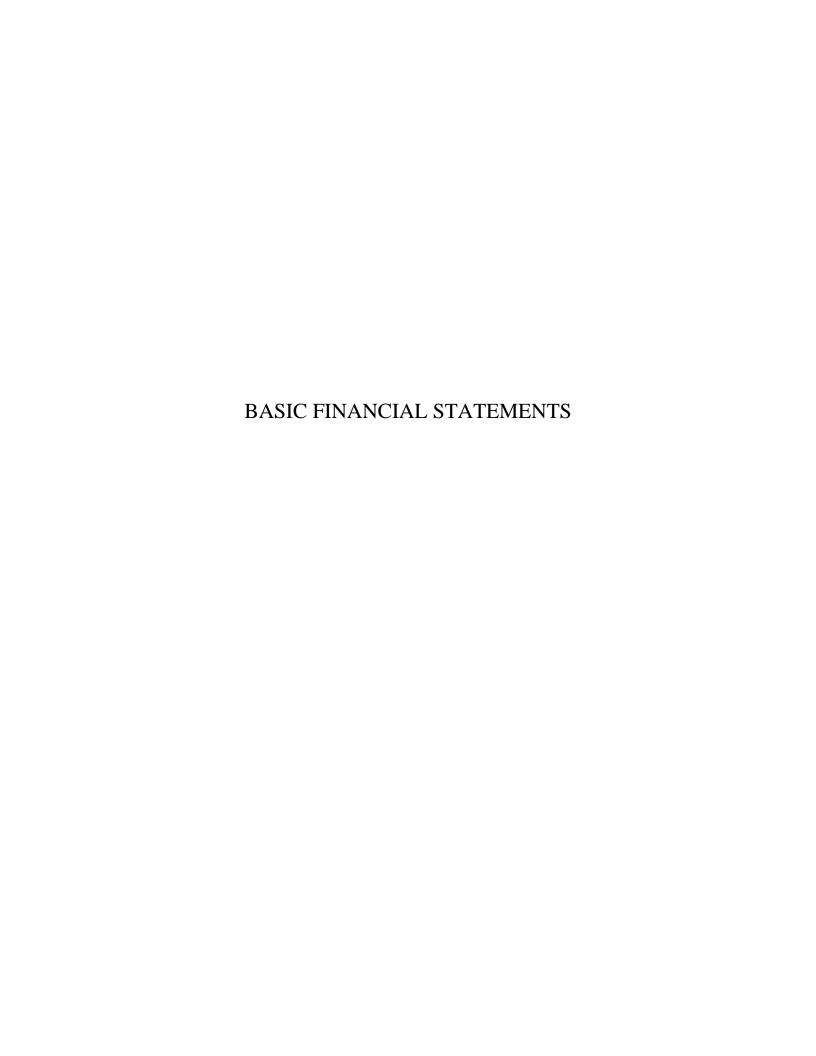
Our elected officials and administration consider many factors when setting the School District's 2008-2009 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2008-2009 fiscal year is 25 percent and 75 percent of the February 2008 and September 2008 student counts, respectively. The 2008-2009 budget was adopted in June 2008, based on an estimate of students that will be enrolled in September 2008. Due to the loss in student count from September, 2007 to February 2008, we estimated a loss of 40 students when preparing the budget. Approximately 75 percent of total General Fund revenue is from the foundation allowance. Under State law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the state's ability to fund local school operations. Based on enrollment data at the start of the 2008-2009 school year, we anticipate that the fall student count will be less than the estimates used in creating the 2008-2009 budget. Once the final student count and related per pupil funding is validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

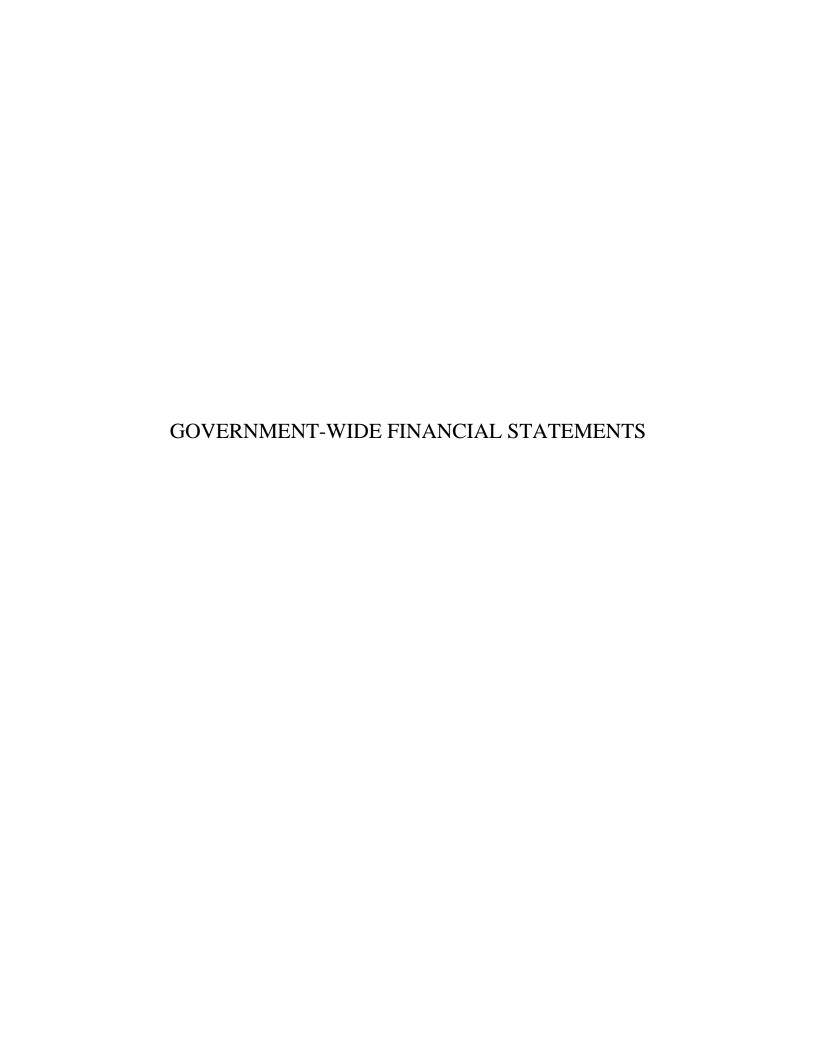
Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. The State had not adopted the State Aid bill by June 30, 2008 and the district estimated a per student allocation of \$7,503 for the 2008-2009 school year (an increase of \$50 per pupil over the 2007-2008 school year allocation) when developing the budget. This full allocation is based on the district receiving the 18 mills of Non-Homestead taxes each year. The School District successfully passed a millage renewal for ten years for the Non-Homestead taxes in December 2004. These mills are subject to the Headlee Rollback and since the District's State Equalized Value (SEV) increased faster than the inflation rate, it was necessary to ask the residents of the district in May, 2007 to approve authorization to levy up to an additional 3 mills. The election was successful and the district will be able to levy full 18 mills for the 2008 tax year. (17.9370 from the first millage and .063 from the second millage) on eligible properties. The new Michigan Business Tax that went into effect in 2008 gives a tax exemption of 12 mills to commercial personal property and 18 mills for industrial personal property. This will affect the amount of non-homestead taxes levied and collected in the 2008-2009 fiscal year.

It is also important to remember that the State Legislature is continuing to work on a state budget for the fiscal year 2008-2009, including the school state aid allocations. Although the district has received \$103 (instead of the anticipated \$50 increase in per pupil allocation), the uncertainty in the Michigan economy as well as the U.S. economy will factor into the state's revenues and its ability to pay the full allocation. The additional monies received will be needed to pay for the increases in salaries, insurance premiums, the state retirement program, and the cost increases for utility usage and gas for bus transportation. The district had one union contract (administrators) expire in June, 2008 and an additional union contract (teachers) expired in August, 2008. The three remaining unions have contracts that will expire in the summer of 2009. Negotiations have been taking place with the teachers union since May, 2008, for a new agreement.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Manager, 19370 Vreeland Road, Woodhaven, Michigan 48183.



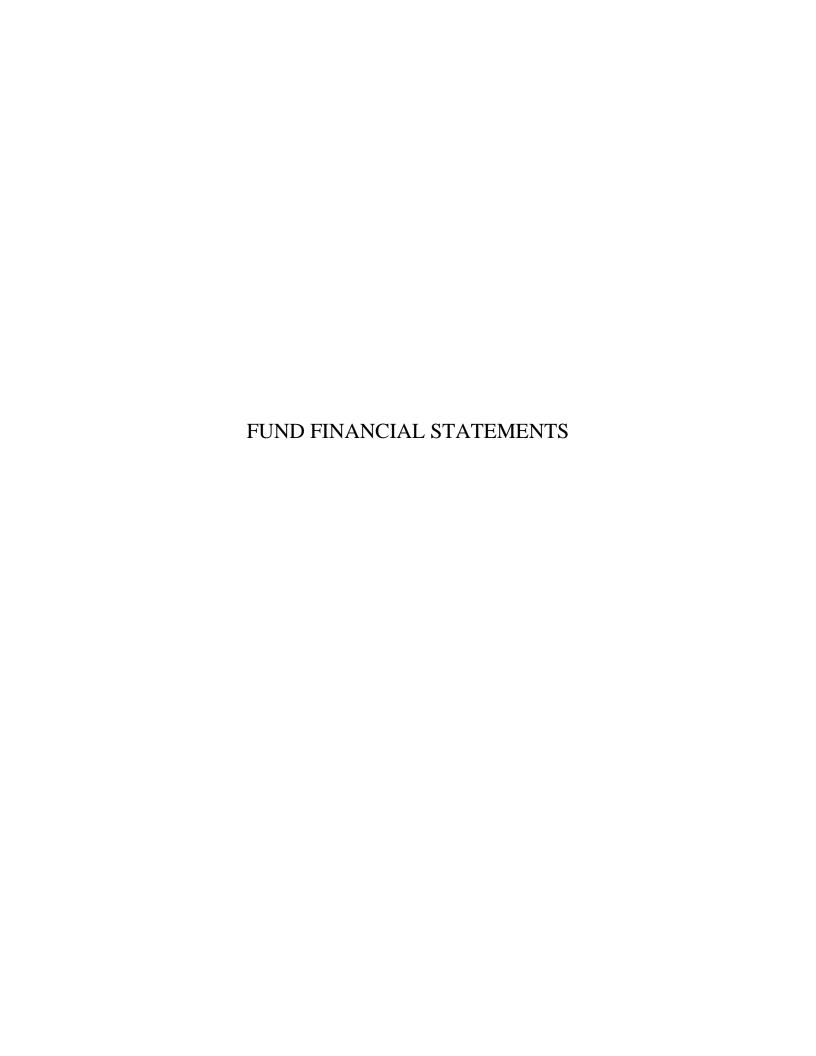


Statement of Net Assets June 30, 2008

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 13,653,343
Receivables	4,941,133
Prepaid items and other assets	476,107
Unamortized bond issuance costs	505,588
Capital assets not being depreciated	401,016
Capital assets being depreciated, net	59,370,974
Total assets	79,348,161
Liabilities:	
Accounts payable and accrued liabilities	3,922,274
Unearned revenue	26,679
Noncurrent liabilities:	
Due within one year	2,226,008
Due in more than one year	52,600,157
Total liabilities	58,775,118
Net assets	
Invested in capital assets, net of related debt	13,204,654
Restricted for:	
Debt service	1,485,776
Other purposes	179,825
Unrestricted	5,702,788
Total net assets	\$ 20,573,043

Statement of Activities For the Year Ended June 30, 2008

					Prog	ram Revenues	i.			
						Operating		Capital		
				Charges	(Frants and	Gra	ants and	N	et (Expense)
Functions / Programs		Expenses	fo	or Services	Co	ontributions	Con	tributions		Revenue
Governmental activities:										
Instruction	\$	18,543,262	\$	925,194	\$	2,420,450	\$	-	\$	(15,197,618)
Supporting services		10,980,398		-		-		-		(10,980,398)
Community service		478,131		-		-		-		(478,131)
Athletics		598,152		88,372		-		-		(509,780)
Food service		1,396,192		952,860		423,966		_		(19,366)
Interest on long-term debt		2,596,983		-		-		_		(2,596,983)
Payments to other disctricts		473,356		-		-				(473,356)
Unallocated depreciation		2,040,187								(2,040,187)
Total	\$	37,106,661	\$	1,966,426	\$	2,844,416	\$			(32,295,819)
	Ger	eral revenues:								
	Pı	operty taxes								10,597,107
	St	ate aid unrestri	cted							22,287,699
	R	eceipts from oth	ner di	stricts						1,159,955
	U	nrestricted inve	stmer	nt earnings						667,108
		Total genera	l reve	enues						34,711,869
		Change in ne	asset	ts						2,416,050
	Net	assets, beginn	ing of	f year						18,156,993
	Net	assets, end of	year						\$	20,573,043



Balance Sheet Governmental Funds June 30, 2008

ASSETS		General		Capital Project Fund		Nonmajor Funds		Totals	
Assets									
Cash and cash equivalents	\$	4,567,749	\$	7,435,046	\$	1,650,548	\$	13,653,343	
Taxes receivable		4,500	·	-		80		4,580	
Accounts receivable		291,738		13,637		52,835		358,210	
Due from other funds		410,790		_		265		411,055	
Due from other governments		4,558,293		-		20,050		4,578,343	
Inventory		-		-		12,071		12,071	
Prepaid expenditures		394,036				70,000		464,036	
Total assets	\$	10,227,106	\$	7,448,683	\$	1,805,849	\$	19,481,638	
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts payable	\$	209,892	\$	77,530	\$	140,448	\$	427,870	
Salaries and related liabilities		2,823,460		-		-		2,823,460	
Due to other funds		378,102		32,953		-		411,055	
Due to other governments		267,758		-		-		267,758	
Deferred revenue		26,679						26,679	
Total liabilities		3,705,891		110,483		140,448		3,956,822	
Fund balances									
Reserved for									
Inventory		-		-		12,071		12,071	
Prepaid expenditures		394,036		-		70,000		464,036	
Debt service		-		-		1,485,576		1,485,576	
Unreserved									
Undesignated		6,127,179		7,338,200		-		13,465,379	
Undesignated, reported in nonmajor: Special revenue funds						97,754		97,754	
Total fund balances		6,521,215		7,338,200		1,665,401		15,524,816	
Total liabilities and fund balances	\$	10,227,106	\$	7,448,683	\$	1,805,849	\$	19,481,638	

Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets June 30, 2008

Fund balances - total governmental funds	\$ 15,524,816
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Add: capital assets Deduct: accumulated depreciation	82,306,211 (22,534,221)
Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Deduct: bonds payable, net	(54,050,467)
Deduct: capital lease payable	(360,657)
Deduct: accrued interest payable	(403,186)
Add: unamortized bond issuance costs	505,588
Deduct: long-term portion of compensated absences	(415,041)
Net assets of governmental activities	\$ 20,573,043

Statement of Revenue, Expenditures and Changes in Fund Balances Governmental Funds

For the Year Ended June 30, 2008

	General	Capital Project Funds	Nonmajor Funds	Totals
Revenue				
Local sources	\$ 6,813,816	\$ -	\$ 6,172,372	\$ 12,986,188
State sources	23,574,975	-	67,439	23,642,414
Federal sources	1,079,683		356,527	1,436,210
Total revenue	31,468,474		6,596,338	38,064,812
Expenditures				
Current				
Education				
Instruction	18,505,091	-	-	18,505,091
Supporting services	11,369,001	-	-	11,369,001
Community services	478,131	-	-	478,131
Athletics	-	-	598,152	598,152
Food service	-	-	1,396,192	1,396,192
Debt service				
Principal repayment	-	-	2,480,000	2,480,000
Interest and fiscal charges	-	-	2,585,943	2,585,943
Other	-	-	8,191	8,191
Capital outlay		196,492	<u> </u>	196,492
Total expenditures	30,352,223	196,492	7,068,478	37,617,193
Revenue over (under) expenditures	1,116,251	(196,492)	(472,140)	447,619
Other financing sources (uses)				
Investment gain	-	297,944	-	297,944
Payments from other districts	1,159,955	-	-	1,159,955
Payments to other districts	(473,356)	-	-	(473,356)
Proceeds from capital lease	360,657	-	-	360,657
Transfers in	=	-	1,041,795	1,041,795
Transfers out	(509,780)		(532,015)	(1,041,795)
Total other financing sources (uses)	537,476	297,944	509,780	1,345,200
Net change in fund balances	1,653,727	101,452	37,640	1,792,819
Fund balances, beginning of year	4,867,488	7,236,748	1,627,761	13,731,997
Fund balances, end of year	\$ 6,521,215	\$ 7,338,200	\$ 1,665,401	\$ 15,524,816

Reconciliation of the Statement of Revenue, Expenditures and Change in Fund Balance of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2008

Net change in fund balances - total governmental funds	\$ 1,792,819
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	621 150
Add: capital outlay Deduct: depreciation expense	621,150 (2,040,187)
Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Add: principal payments on long-term liabilities	2,480,000
Deduct: proceeds from capital lease	(360,657)
Add: amortization of bond premium	44,413
Deduct: amortization of deferred loss on refunding	(75,067)
Deduct: amortization of bond costs	(36,055)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	
Add: decrease in accrued interest payable on bonds	27,805
Deduct: increase in the accrual for compensated absences	 (38,171)
Change in net assets of governmental activities	\$ 2,416,050

Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual General Fund

For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources				
Property taxes	\$ 5,726,100	\$ 5,726,100	\$ 5,626,050	\$ (100,050)
Earnings on investments and deposits	180,000	195,000	195,995	995
Other local revenues	794,476	806,740	991,771	185,031
Total revenue from local sources	6,700,576	6,727,840	6,813,816	85,976
State sources State school aid - unrestricted	22,160,855	22,280,557	22,287,699	7,142
Special education	22,100,033	847,794	847,794	7,142
At risk	310,000	347,000	347,304	304
Other	*	*	<i>'</i>	
	73,108	92,208	92,178	(30)
Total revenue from state sources	22,543,963	23,567,559	23,574,975	7,416
Federal sources:				
IDEA	769,132	732,941	723,179	(9,762)
Title I	85,815	117,857	102,753	(15,104)
Medicaid reimbursement	-	-	914	914
Other	129,606	268,707	252,837	(15,870)
Total revenue from federal sources	984,553	1,119,505	1,079,683	(39,822)
Total revenue	30,229,092	31,414,904	31,468,474	53,570

continued

Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual General Fund

For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Expenditures	Duuget	Duuget	Actual	rmai buuget
Instruction				
Basic Programs				
Elementary	\$ 7,542,804	\$ 7,217,715	\$ 7,116,769	\$ (100,946)
Middle/Junior High	3,441,590	3,535,570	3,487,144	(48,426)
High School	4,063,614	4,040,437	4,025,624	(14,813)
Pre-School	61,271	77,596	56,923	(20,673)
Added Needs:	01,271	,,,,,,,	2 3,3 20	(20,070)
Special education	2,528,504	2,521,512	2,356,794	(164,718)
Compensatory education	116,059	143,664	116,846	(26,818)
Vocational education	841,958	917,240	877,338	(39,902)
Alternative education	404,329	458,061	467,653	9,592
Total instruction	19,000,129	18,911,795	18,505,091	(406,704)
Supporting Services				
Pupil				
Guidance services	511,721	529,096	531,279	2,183
Health services	86,292	89,482	73,910	(15,572)
Psychological	129,477	130,795	128,358	(2,437)
Speech	356,608	359,902	351,936	(7,966)
Social work	94,654	80,829	80,177	(652)
Other pupil	189,680	195,221	193,100	(2,121)
Instructional staff				
Improvement of instruction	176,647	163,723	130,082	(33,641)
Library	397,494	387,288	385,052	(2,236)
Technology and media	13,210	17,078	14,151	(2,927)
Supervisors and directors	170,930	161,472	153,237	(8,235)
General Administration:				
Board of Education	255,133	255,096	120,586	(134,510)
Executive Administration	298,500	309,288	297,466	(11,822)
School Administration	1,971,410	2,090,137	2,052,810	(37,327)

continued

Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual (Concluded) General Fund

For the Year Ended June 30, 2008

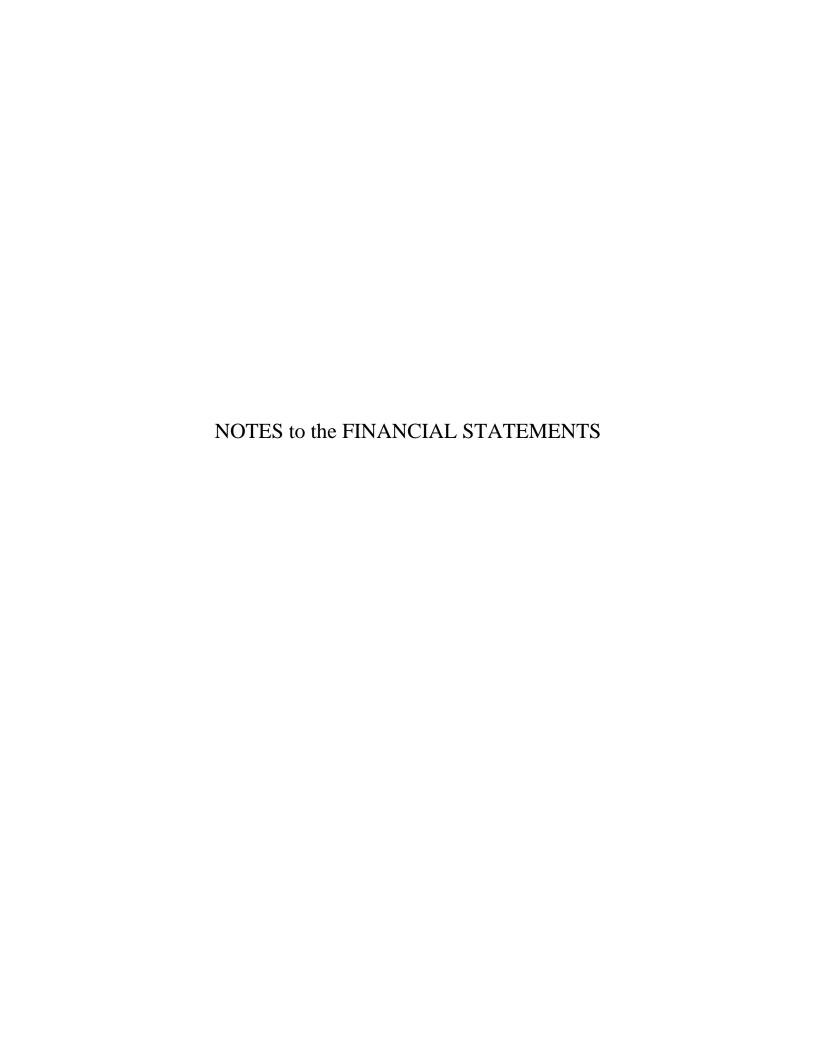
	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Expenditures, continued				
Supporting Services, continued				
Business Services				
Fiscal services	\$ 486,022	\$ 416,560	\$ 393,728	\$ (22,832)
Other business services	193,737	126,033	84,372	(41,661)
Operations and maintenance	4,598,649	4,598,039	4,371,373	(226,666)
Pupil transportation	1,774,153	1,869,068	1,816,617	(52,451)
Central staff	230,331	235,992	190,767	(45,225)
Total supporting services	11,934,648	12,015,099	11,369,001	(646,098)
Community Services	590,505	576,563	478,131	(98,432)
Total expenditures	31,525,282	31,503,457	30,352,223	(1,151,234)
Revenue over expenditures	(1,296,190)	(88,553)	1,116,251	1,204,804
Other financing sources (uses)				
Payments from other distircts	950,534	1,085,000	1,159,955	74,955
Payments to other districts	(351,679)	(481,679)	(473,356)	8,323
Proceeds from capital lease	-	-	360,657	360,657
Transfer out	(550,936)	(561,669)	(509,780)	51,889
Total other financing uses	47,919	41,652	537,476	495,824
Net change in fund balance	(1,248,271)	(46,901)	1,653,727	1,700,628
Fund balance, beginning of year	4,867,488	4,867,488	4,867,488	
Fund balance, end of year	\$ 3,619,217	\$ 4,820,587	\$ 6,521,215	\$ 1,700,628

Statement of Fiduciary Net Assets All Fiduciary Funds June 30, 2008

	Private Purpose Trust Agency Funds Fund						
Assets							
Cash and cash equivalents	\$ 47,839	\$ 185,353					
Total assets	47,839	\$ 185,353					
Liabilities							
Accounts payable	5,740	-					
Due to student groups and activities	-	185,353					
Total liabilities	5,740	185,353					
Net assets							
Unrestricted	\$ 42,099	\$ -					

Statement of Changes in Fiduciary Net Assets Private Purpose Trust Fund For the Year Ended June 30, 2008

Revenue		
Local sources		
Earnings on investments	\$	1,891
Contributions		149
Other		2,010
Total revenue	-	4,050
Expenses		
Scholarships		5,750
Scoreboards		7,707
Total expenses		13,457
Change in net assets		(9,407)
Net assets, beginning of year		51,506
Net assets, end of year	\$	42,099



Notes to the Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The Gibraltar School District (the "District") has followed the guidelines of the Governmental Accounting Standards Board's Statements No. 14 and No. 39 and has determined that no entities should be consolidated into its basic financial statements as component units. Therefore, the reporting entity consists of the primary government financial statements only. The criteria for including a component unit include significant operational or financial relationships with the District.

B. District-wide and fund financial statements

The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District had no business-type activities during the year ended 2008.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the fiduciary trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds use the accrual basis of accounting but do not use the economic resource measurement focus.

Notes to the Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The capital project fund accounts for the construction as well as, the acquisition of capital assets and the renovation of certain other District facilities. These projects are funded by two general obligation unlimited tax bond issues.

Additionally, the District reports the following fund types:

The special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The District's special revenue funds include the food services and athletics funds. Any operating deficit generated by these activities is the responsibility of the general fund.

The debt service funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

The fiduciary funds are assets held by the District in a trustee capacity or as an agent on behalf of others. The District has two fiduciary funds, which include the private-purpose trust and the student activities agency fund. The private-purpose trust includes contributions received by the District to be awarded in the form of scholarships. The student activities agency fund is used to account for transactions of student groups for school and school-related purposes. The funds are segregated and held in trust for the students.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the district-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Notes to the Financial Statements

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

The effect of interfund activity has been eliminated from the district-wide financial statements.

D. Assets, liabilities and equity

1. Deposits and investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-tem investments with original maturities of three months or less from the date of acquisition.

Statutory Authority

Michigan law authorizes the District to deposit and invest in:

- (a) Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State. In a primary or fourth class school district, the bonds, bills, or notes shall be payable at the option of the holder upon not more than 90 days notice or, if not so payable, shall have maturity dates not more than 5 years after the purchase dates.
- (b) Certificates of deposit insured by a State or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this State.
- (c) Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- (d) Securities issued or guaranteed by agencies or instrumentalities of the United States government or federal agency obligation repurchase agreements, and bankers' acceptance issued by a bank that is a member of the federal deposit insurance corporation.
- (e) Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.

Notes to the Financial Statements

(f) Investment pools, as authorized by the surplus funds investment pool act, composed entirely of instruments that are legal for direct investment by a school district.

The District's investment policy allows for the following types of investments.

- (a) Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
- (b) Certificates of deposit insured by a State or national bank, organized and authorized to operate in this State or certificates of deposits issued by a State or Federal savings and loan association, organized and authorized to operate in this State.
- (c) Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- (d) Surplus funds investment pools under P.A. 1982, No. 367.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

3. Inventories and prepaid items

All inventories are valued at cost using the first-in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both district-wide and fund financial statements.

4. Capital assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the district-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Notes to the Financial Statements

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20-25
Buildings and improvements	50
Furniture and equipment	5-10
Licensed vehicles	5-12

5. Compensated absences

The liability for compensated absences reported in the district-wide statements consists of accrued sick time and severance pay. A liability for these amounts is reported in governmental funds only if they have matured, such as for employee resignations and retirements. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

6. Long-term obligations

In the district-wide financial statements, long-term obligations are reported as liabilities in the governmental activities statement of net assets. Where applicable, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts received in debt issuances are reported as other financing sources and/or uses. Issuance costs, whether or not withheld from the actual proceeds received, are reported as debt service expenditures.

7. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Notes to the Financial Statements

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

The General and Special Revenue funds are under formal budgetary control. Budgets shown in the financial statements are adopted annually on a basis consistent with generally accepted accounting principles (GAAP), and are not significantly different from the modified accrual basis used to reflect actual results, and consist only of those amounts contained in the formal budget as originally adopted or as amended by the Board of Education. The budgets for the General and Special Revenue Funds are adopted on a functional basis.

All annual appropriations lapse at fiscal year end.

B. Excess of expenditures over appropriations

During the year, the District incurred expenditures in certain budgeted funds which were in excess of amounts appropriated as follows:

		Original <u>Budget</u>	Final <u>Budget</u> <u>E</u>		Actual Expenditures		Budget Variance	
General Fund:								
Instruction -								
Alternative education	\$	404,329	\$	458,061	\$	467,653	\$	9,592
Supporting services -								
Guidance services		511,721		529,096		531,279		2,183

Notes to the Financial Statements

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

A reconciliation of cash and investments as shown on the Statement of Net Assets and Statement of Fiduciary Net Assets follows:

Statement of net assets Cash and cash equivalents	\$ 13,653,343
Fiduciary funds	Ψ 15,055,545
Cash and cash equivalents	233,192
	<u>\$ 13,886,535</u>
Cash on hand	\$ 100
Deposits	7,859,507
Certificates of deposit	3,056,526
Investments	2,970,402
	\$ 13,886,535

The District chooses to disclose its investments by specifically identifying each. As of year end, the District had the following investments.

<u>Investment</u>		Rate	<u>Maturity</u>	<u>Fair Value</u>	Rating
N	Michigan Liquid Asset Fund	Variable	n/a	\$ 2,970,402	S&P - AAAm

Notes to the Financial Statements

Investment and Deposit Risk

<u>Interest Rate Risk.</u> State law limits the allowable investments and the maturities of some of the allowable investments as identified in Note 1 of the summary of significant accounting policies. The District's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity dates for each investment are identified above for investments held at year end.

<u>Credit Risk.</u> State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on investment credit risk. The ratings for each investment are identified above for investments held at year end.

<u>Custodial Credit Risk – Deposits</u>. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. State law does not require and the District does not have a policy for deposit custodial credit risk. As of year end \$11,600,871 of the District's bank balance of \$11,806,029 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the District does not have a policy for investment custodial credit risk. On the investments listed above, there is no custodial credit risk as these investments are uncategorized as to risk.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year end are reported above.

B. Receivables

Receivables as of year end for the District's individual major funds and nonmajor funds in the aggregate, are as follows:

	 General	Capital Projects Fund	Gov	Other ernmental Funds	Total
Accounts receivable Taxes receivable Due from other governments	\$ 291,738 4,500 4,558,293	\$ 13,637	\$	52,835 80 20,050	\$ 358,210 4,580 4,578,343
	\$ 4,854,531	\$ 13,637	\$	72,965	\$ 4,941,133

Notes to the Financial Statements

C. Interfund receivables, payables and transfers

The composition of interfund balances as of June 30, 2008 is as follows:

	<u>D</u>	ue From]	Due To
General Fund Capital projects fund Nonmajor governmental funds	\$	410,790 - 265	\$	378,102 32,953
	<u>\$</u>	411,055	\$	411,055

The District reports interfund balances between certain funds. The sum of all balances presented in the tables above agrees with the sum of interfund balances presented in the balance sheet for governmental funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The composition of interfund transfers for the year ended is as follows:

	Transfers In
Transfers Out	Non-Major Funds
General Fund Non-Major Funds	\$ 509,780 532,015
Total	\$ 1,041,795

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

For the year ended June 30, 2008, the District transferred funds from the general fund to subsidize the athletics program. Also, a transfer was made from two debt service funds to another debt service fund.

Notes to the Financial Statements

D. Capital assets

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 401,	016 \$ -	\$ -	\$ 401,016
Total capital assets not being depreciated	401,	016 -		401,016
Capital assets being depreciated:				
Buildings and improvements	73,143,	- 546	-	73,143,646
Equipment and furniture	6,556,	561 528,116	-	7,084,677
Vehicles and buses	1,583,	93,034		1,676,872
Total capital assets being depreciated	81,284,	045 621,150		81,905,195
Less accumulated depreciation for:				
Buildings and improvements	15,495,	1,432,405	-	16,927,746
Equipment and furniture	3,955,	602 477,224	-	4,432,826
Vehicles and buses	1,043,	091 130,558	-	1,173,649
Total accumulated depreciation	20,494,	2,040,187		22,534,221
Total capital assets being depreciated, net	60,790,	011 (1,419,037)		59,370,974
Governmental activities capital assets, net	\$ 61,191,	927 \$ (1,419,037)	\$ -	\$ 59,771,990

Depreciation expense was not charged to functions/programs of the primary government as the District considers its assets to impact multiple activities and allocation is not practical.

Notes to the Financial Statements

E. Payables

Accounts payable and accrued liabilities as of year end for the District's individual major funds and nonmajor funds in the aggregate, are as follows:

	<u>General</u>		P	Capital Projects Fund	Gov	Other ernmental Funds	Total
Accounts payable Salaires and related liabilities Due to other governments	\$	209,892 2,823,460 267,758 3,301,110	\$	77,530	\$	140,448	\$ 427,870 2,823,460 267,758 3,519,088
Accrued interest on long-term debt							403,186
Governmental activities							\$ 3,922,274

F. Long-term debt

The following is a summary of bond, note, and compensated absence transactions of the District for the year ended June 30, 2008:

	Beginning Balance		0 0		Additions		Additions		Additions		<u>F</u>	Reductions	Ending Balance	Due Within One Year
Governmental activities														
General obligation bonds Less:	\$	56,930,000	\$	-	\$	2,480,000	\$ 54,450,000	\$ 2,010,000						
Unamortized (discount) and		0.65.150				44.440	022 520							
premium		867,152		-		44,413	822,739	-						
Deferred loss on refunding		(1,297,339)		-		(75,067)	(1,222,272)	-						
Capital lease		-		360,657			360,657	65,892						
Compensated absences		376,870		235,520		197,349	415,041	150,116						
	\$	56,876,683	\$	596,177	\$	2,646,695	\$ 54,826,165	\$ 2,226,008						

Notes to the Financial Statements

Bonds payable at June 30, 2008, are comprised of the following issues:

General Obligation Bonds:

Refunding Bonds, Series 2003 – Unlimited Tax General Obligation - \$4,305,000 refunding bonds, installments of \$315,000 to \$590,000 from May 1, 2014 through May 1, 2017, interest at 3.0% to 3.70%	\$3,005,000
2002 School Building and Site Bonds – Unlimited Tax General Obligation – \$21,440,000 term bonds due in annual installments of \$375,000 to \$1,200,000 from May 1, 2005 through May 1, 2025, interest at 3.25% to 5.50%.	3,215,000
2004 School Building and Site Bonds – Unlimited Tax General Obligation – \$32,610,000 term bonds due in annual installments of \$575,000 to \$1,850,000 from May 1, 2005 through May 1, 2028, interest at 2.40% to 5.00%.	24,390,000
Refunding Bonds, Series 2005 – Unlimited Tax General Obligation – \$10,280,000 term bonds due in annual installments of \$50,000 to \$1,255,000 from May 1, 2006 through May 1, 2022, interest at 3.625% to 5.0%.	10,130,000
2006 Building and Site Refunding Bonds - \$5,725,000 term bonds due in annual installments of \$15,000 to \$1,220,000 through May 1, 2028, interest at 3.45% to 4.125%.	5,710,000
Refunding Bond, Series 2007 - Unlimited Tax General Obligation - \$8,000,000 term bonds due in annual installments of \$25,000 to \$1,845,000 through	

\$ 54,450,000

8,000,000

May 1, 2028; interest at 4.125% to 4.250%.

Notes to the Financial Statements

Annual debt service requirements to maturity for general obligation bonds are as follows:

Fiscal Year	Principle Due		•		Total	
	_					
2009	\$ 2,010,000	\$	2,419,119	\$	4,429,119	
2010	2,060,000		2,351,752		4,411,752	
2011	2,135,000		2,275,395		4,410,395	
2012	2,215,000		2,184,251		4,399,251	
2013	2,300,000		2,087,507		4,387,507	
2014-2018	13,200,000		8,770,443		21,970,443	
2019-2023	15,305,000		5,426,526		20,731,526	
2024-2028	15,225,000		1,925,109		17,150,109	
	\$ 54,450,000	\$	27,440,100	\$	81,890,100	

The capital lease obligation is for 15 copiers and requires quarterly installments of \$20,213 (Including interest) to be paid quarterly beginning July 1, 2008 and ending April 1, 2013.

G. Commitments and Contingencies

Under the terms of various Federal and State grants and regulatory requirements, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement of the grantor or regulatory agencies. However, management does not believe such disallowances, if any, would be material to the financial position of the District. Also, as is the case with other entities, the District faces exposure from potential claims and legal proceedings involving various matters. There are proceedings which have been asserted as of June 30, 2008. Management believes that any adverse ruling against the District, if any, would not have a significant impact on the financial position of the District.

IV. OTHER INFORMATION

A. Risk management

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The District has purchased commercial insurance to satisfy any claims related to general liability, vehicle liability, property and casualty, athletic participation, employee health and accident and errors, and omissions. The District participates in M.E.S.S.A. for teacher's health care. The shared risk pool program in which the District participates operates as a common risk-sharing management program for school districts in Michigan.

Notes to the Financial Statements

B. Property taxes

Property taxes are assessed as of December 31, and attach as an enforceable lien on property as of December 1 of the following year. Taxes are levied by the Cities of Gibraltar, Flat Rock, Rockwood, Woodhaven, and Brownstown Township on July 1, of each fiscal year. All levies become delinquent on February 14. The Delinquent Tax Revolving Funds of Wayne County advance delinquent real taxes to the District.

C. Defined benefit pension plan

Plan Description

The Gibraltar School District contributes to the Michigan Public School Employees Retirement System (MPSERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Michigan Department of Management and Budget, Office of Retirement Systems. MPSERS provides retirement, survivor and disability benefits, and death benefits to plan members and beneficiaries. Benefit provisions are established and must be amended by state statute.

The Office of Retirement Systems issues a publicly available financial report that includes financial statements and required supplementary information for MPSERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, 7150 Harris Drive, PO Box 30171, Lansing, Michigan, 48909 or by calling 1-800-381-5111.

Funding Policy

Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990 or later contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000. Basic Plan members make no contributions. The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefits on a cash disbursement basis.

The current rate is 16.72% of annual covered payroll. The contribution requirements of plan members and the Gibraltar School District are established by Michigan State statute and may be amended only by action of the State Legislature. The School District's contributions to MPSERS for the years ended June 30, 2008, 2007 and 2006 were \$2,823,354, \$2,804,775 and \$2,502,165, respectively, equal to the required contributions for each year.

Notes to the Financial Statements

Other Postemployment Benefits

Retirees have the option of health coverage, which is funded on a cash disbursement basis by the employers. The State of Michigan has contracted to provide the comprehensive group medical, hearing, dental and vision coverages for retirees and beneficiaries. All health care benefits are on a self-funded basis. A significant portion of the premium is paid by MPSERS with the balance included as part of the District's total monthly contribution to the pension plan discussed above.

Pension recipients are eligible for fully paid (self only, additional charges apply to dependent coverage) Master Health Plan coverage and 90% paid Dental Plan, Vision Plan and Hearing Plan coverage with the following exceptions:

- 1. Retirees not yet eligible for Medicare coverage pay an amount equal to the Medicare Part B premiums.
- 2. Retirees with less than 30 years of service, who terminate employment after October 31, 1980 with the vested deferred benefits, are eligible for partially employer paid health benefit coverage (no payment if less than 21 years of service).

* * * * * *

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2008

ASSETS	Special Revenue	Debt Service	Totals
Assets			
Cash and cash equivalents	\$ 165,117	\$ 1,485,431	\$ 1,650,548
Taxes receivable	-	80	80
Accounts recievable	52,835	-	52,835
Due from other furnds	-	265	265
Due from other governmental units	20,050	-	20,050
Inventory	12,071	-	12,071
Prepaid expenditures	70,000	-	70,000
Total assets	\$ 320,073	\$ 1,485,776	\$ 1,805,849
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 140,248	\$ 200	\$ 140,448
Total liabilities	140,248	200	140,448
Fund balances			
Reserved for:			
Inventory	12,071	-	12,071
Prepaid expenditures	70,000	-	70,000
Debt service	=	1,485,576	1,485,576
Unreserved:			
Undesignated	97,754		97,754
Total fund balances	179,825	1,485,576	1,665,401
Total liabilities and fund balances	\$ 320,073	\$ 1,485,776	\$ 1,805,849

Combining Statement of Revenue, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2008

		Special Revenue	Debt Service	Totals		
Revenue	-		_			
Local sources	\$	1,041,232	\$ 5,131,140	\$	6,172,372	
State sources		67,439	-		67,439	
Federal sources		356,527	 -		356,527	
Total revenue		1,465,198	 5,131,140		6,596,338	
Expenditures						
Current:						
Athletics		598,152	-		598,152	
Food service		1,396,192	-		1,396,192	
Debt service:						
Principal repayment		-	2,480,000		2,480,000	
Interest and fiscal charges		-	2,585,943		2,585,943	
Other		-	 8,191		8,191	
Total expenditures		1,994,344	 5,074,134		7,068,478	
Revenue under expenditures		(529,146)	 57,006		(472,140)	
Other financing sources (uses)						
Transfers in		509,780	532,015		1,041,795	
Transfers out			 (532,015)		(532,015)	
Total other financing sources (uses)		509,780	 		509,780	
Net change in fund balance		(19,366)	57,006		37,640	
Fund balances, beginning of year		199,191	1,428,570		1,627,761	
Fund balances, end of year	\$	179,825	\$ 1,485,576	\$	1,665,401	

Combining Balance Sheet Nonmajor Special Revenue Funds June 30, 2008

	Athle	etics	 Food Service	Total		
ASSETS						
Assets						
Cash and cash equivalents	\$	-	\$ 165,117	\$	165,117	
Accounts receivable		-	52,835		52,835	
Due from other governmental units		-	20,050		20,050	
Inventory		-	12,071		12,071	
Prepaid expenditures and other			 70,000		70,000	
Total assets	\$		\$ 320,073	\$	320,073	
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$		\$ 140,248	\$	140,248	
Fund balances						
Reserved for inventory and prepaids		-	82,071		82,071	
Unreserved		<u>-</u>	 97,754		97,754	
Total fund balances		-	179,825		179,825	
Total liabilities and fund balances	\$	<u>-</u>	\$ 320,073	\$	320,073	

Combining Statement of Revenue, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds For the Year Ended June 30, 2008

	A	thletics	Food Service	Total		
Revenue						
Local sources:						
Ticket sales	\$	63,600	\$ -	\$	63,600	
Food sales		-	952,863		952,863	
Miscellaneous		24,772	 (3)		24,769	
Total revenue from local sources		88,372	952,860		1,041,232	
State sources		-	67,439		67,439	
Federal sources			356,527		356,527	
Total revenue		88,372	1,376,826		1,465,198	
Expenditures						
Salaries		303,146	385,481		688,627	
Benefits		106,857	134,853		241,710	
Supplies and materials		5,204	619,959		625,163	
Purchased services		106,006	230,936		336,942	
Other		14,859	19,079		33,938	
Capital outlay		62,080	 5,884		67,964	
Total expenditures		598,152	 1,396,192		1,994,344	
Revenue under expenditures		(509,780)	(19,366)		(529,146)	
Other financing sources						
Transfers in from other funds		509,780	 		509,780	
Net change in fund balance		-	(19,366)		(19,366)	
Fund balances, beginning of year		<u> </u>	 199,191		199,191	
Fund balances, end of year	\$		\$ 179,825	\$	179,825	

Combining Balance Sheet Nonmajor Debt Service Funds June 30, 2008

ASSETS	So Ado	978 chool ditions und	Cap Pro Do	989 pital ject ebt ind	1996 Idgment Bond Fund	R	2003 efunding Bond Fund
Assets							
Cash and cash equivalents	\$	-	\$	-	\$ 77,153	\$	169,555
Taxes receivable		-		-	12		12
Due from other funds		265			 		
Total assets	\$	265	\$		\$ 77,165	\$	169,567
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$	-	\$	-	\$ -	\$	-
Fund balances, reserved for debt service		265			 77,165		169,567
Total liabilities and fund balances	\$	265	\$		\$ 77,165	\$	169,567

continued

Combining Balance Sheet (Concluded) Nonmajor Debt Service Funds June 30, 2008

ASSETS	2002 2002 Capital Capital Project Project Series I Series I I Debt Debt		2005 Refunding Bond Fund		2006 Refunding Bond Fund		2007 Refunding Bond Fund		 Total	
Assets										
Cash and cash equivalents	\$ 116,031	\$	210,590	\$	143,569	\$	129,775	\$	638,758	\$ 1,485,431
Taxes receivable Due from other funds	9		26		8		5		8	80 265
Due from other funds	 <u>-</u>				<u>-</u>		<u>-</u>			 203
Total assets	\$ 116,040	\$	210,616	\$	143,577	\$	129,780	\$	638,766	\$ 1,485,776
LIABILITIES AND FUND BALANCES										
Liabilities										
Accounts payable	\$ -	\$	-	\$	-	\$	-	\$	200	\$ 200
Fund balances, reserved for debt service	 116,040		210,616		143,577		129,780		638,566	 1,485,576
Total liabilities and fund balances	\$ 116,040	\$	210,616	\$	143,577	\$	129,780	\$	638,766	\$ 1,485,776

Combining Statement of Revenue, Expenditures and Changes in Fund Balances Nonmajor Debt Service Funds For the Year Ended June 30, 2008

	1978 School Additions Fund	1989 Capital Project Debt Fund	1996 Judgment Bond Fund	2003 Refunding Bond Fund	
Revenue					
Local sources:					
Property taxes	\$ -	\$ 986	\$ 767,453	\$ 721,703	
Earnings on investments and deposits	4,386	5,219	23,739	20,859	
Total revenue	4,386	6,205	791,192	742,562	
Expenditures					
Debt Service:					
Principal	-	-	875,000	590,000	
Interest	-	-	43,750	119,341	
Other		864	1,182	678	
Total expenditures		864	919,932	710,019	
Revenue over (under) expenditures	4,386	5,341	(128,740)	32,543	
Other financing sources (uses)					
Transfer in	-	-	-	-	
Transfer out	(367,153)	(164,862)			
Total other financing sources (uses)	(367,153)	(164,862)			
Net change in fund balance	(362,767)	(159,521)	(128,740)	32,543	
Fund balances, beginning of year	363,032	159,521	205,905	137,024	
Fund balances, end of year	\$ 265	<u> </u>	\$ 77,165	\$ 169,567	

continued

Combining Statement of Revenue, Expenditures and Changes in Fund Balances (Concluded) Nonmajor Debt Service Funds For the Year Ended June 30, 2008

	2002 Capital Project Series I Debt	2002 Capital Project Series I I Debt	2005 Refunding Bond Fund	2006 Refunding Bond Fund	2007 Refunding Bond Fund	Total
Revenue						
Local sources:						
Property taxes	\$ 551,596	\$ 1,635,431	\$ 469,100	\$ 315,902	\$ 495,800	\$ 4,957,971
Earnings on investments and deposits	17,443	36,988	12,545	29,943	22,047	173,169
Total revenue	569,039	1,672,419	481,645	345,845	517,847	5,131,140
Expenditures						
Debt Service:						
Principal	375,000	575,000	50,000	15,000	-	2,480,000
Interest	138,833	1,190,800	450,188	231,755	411,276	2,585,943
Other	1,358	3,130	544	415	20_	8,191
Total expenditures	515,191	1,768,930	500,732	247,170	411,296	5,074,134
Revenue over (under) expenditures	53,848	(96,511)	(19,087)	98,675	106,551	57,006
Other financing sources (uses)						
Transfer in	-	-	-	-	532,015	532,015
Transfer out					<u> </u>	(532,015)
Total other financing sources (uses)					532,015	
Net change in fund balance	53,848	(96,511)	(19,087)	98,675	638,566	57,006
Fund balances, beginning of year	62,192	307,127	162,664	31,105		1,428,570
Fund balances, end of year	\$ 116,040	\$ 210,616	\$ 143,577	\$ 129,780	\$ 638,566	\$ 1,485,576

Schedule of Changes in Fund Balance - Budget to Actual General Fund

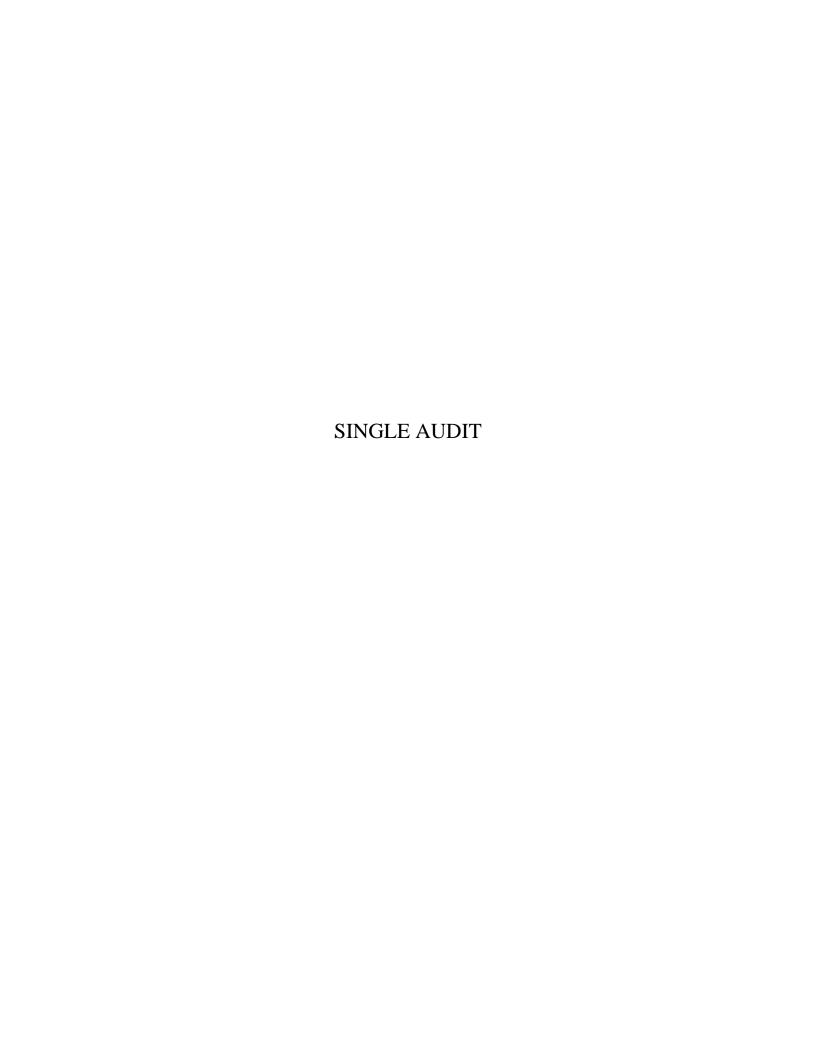
	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Fund Balance, Beginning of Year	\$ 4,867,488	\$ 4,867,488	\$ 4,867,488	\$ -
Total revenue	30,229,092	31,414,904	31,468,474	53,570
Total expenditures	31,525,282	31,503,457	30,352,223	(1,151,234)
Excess revenue	(1,296,190)	(88,553)	1,116,251	1,204,804
Other financing sources (uses), net	47,919	41,652	537,476	495,824
Excess revenue and other sources over (under) expenditures and other uses	(1,248,271)	(46,901)	1,653,727	1,700,628
Fund Balance, End of Year	\$ 3,619,217	\$ 4,820,587	\$ 6,521,215	\$ 1,700,628

Schedule of Revenue - Budget to Actual General Fund

	Original Budget	e e e e e e e e e e e e e e e e e e e		Over (Under) Final Budget	
Revenue					
Local sources					
Property taxes	\$ 5,726,100	\$ 5,726,100	\$ 5,626,050	\$ (100,050)	
Interest on current taxes	30,000	15,000	13,086	(1,914)	
Latchkey tuition	210,680	215,680	228,635	12,955	
Regular tuition	237,700	288,700	348,557	59,857	
Earnings on investments	180,000	195,000	195,995	995	
Rent from school facilitites	105,200	99,760	102,773	3,013	
Miscellaneous income	210,896	187,600	298,720	111,120	
Total revenue from local sources	6,700,576	6,727,840	6,813,816	85,976	
State sources					
State school aid - unrestricted	22,160,855	22,280,557	22,287,699	7,142	
Special educatoin	-	847,794	847,794	-	
At risk	310,000	347,000	347,304	304	
Other	73,108	92,208	92,178	(30)	
Total revenue from state sources	22,543,963	23,567,559	23,574,975	7,416	
Federal sources					
IDEA	769,132	732,941	723,179	(9,762)	
Title I	85,815	117,857	102,753	(15,104)	
Medicaid reimbursement	-	-	914	914	
Other grants	129,606	268,707	252,837	(15,870)	
Total revenue from federal sources	984,553	1,119,505	1,079,683	(39,822)	
Total revenue	\$ 30,229,092	\$ 31,414,904	\$ 31,468,474	\$ 53,570	

Schedule of Other Financing Sources (Uses) - Budget to Actual General Fund

	Original Budget		Final Budget	Actual		Over (Under) Final Budget	
Other Financing Sources							
Other districts - vocational education	\$	793,534	\$ 887,000	\$	905,545	\$	18,545
Other districts - special education		157,000	198,000		254,410		56,410
Proceeds from capital lease			 		360,657		360,657
Total other financing sources		950,534	 1,085,000		1,520,612		435,612
Other Financing Uses							
Other districts - vocational education		1,679	1,679		1,679		-
Other districts - tuition		350,000	480,000		471,677		(8,323)
Transfers out		550,936	 561,669		509,780		(51,889)
Total other financing uses		902,615	 1,043,348		983,136		(60,212)
Total other financing sources (uses)	\$	47,919	\$ 41,652	\$	537,476	\$	495,824



Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Program or Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2007	Internal Transfers	Cash Received/ Payments In Kind	Expenditures	Accrued (Deferred) Revenue at June 30, 2008
U.S. Department of Agriculture: Direct Program:								
Food Distribution Program:								
Entitlement Commodities 2007/2008	10.550	\$ 45,379	\$ -	\$ -	\$ -	\$ 42,938	\$ 42,938	\$ -
Bonus Commodities 2007/2008	10.550	260				260	260	
Total Food Distribution Program		45,639				43,198	43,198	
Passed Through the Michigan Department of Education:								
Child Nutrition Cluster:								
National School Breakfast Program 2006/2007	10.553	54,916	54,916	2,834	-	2,834	-	-
National School Breakfast Program 2007/2008	10.553	60,587	-	-	-	57,452	60,587	3,135
National School Lunch Program 2006/2007	10.555	244,577	244,577	10,343	-	10,343	-	-
National School Lunch Program 2007/2008	10.555	252,742				242,905	252,742	9,837
Total Child Nutrition Cluster		612,822	299,493	13,177		313,534	313,329	12,972
Total U.S. Department of Agriculture		658,461	299,493	13,177		356,732	356,527	12,972
U.S. Department of Justice:								
Gang Resistance Education and Training Grant	16.737	148,591				71,443	141,593	70,150
U.S. Department of Education: Passed Through the Michigan Department of Education: Title I								
Project 071530/0607	84.010	85,815	62,201	9,329	(20,313)	12,630	3,301	_
Project 081530/0708	84.010	114,556	-	-	(20,313)	74,316	99,452	25,136
Title II Part A								
Project 070520/0607	84.367	82,932	54,366	(4,674)	(20,819)	3,073	7,747	-
Project 080520/0708	84.367	104,884	-	-	-	91,902	99,781	7,879
Title II Part D								
Project 074290/0607	84.318	881	881	477	(404)	477	-	-
Project 084290/0708	84.318	955	-	-	-	645	955	310
Title V Part A - Project 070520/0607	84.298	733	412	-	(320)	1	1	-
Title V Part A - Project 080520/0708	84.298	1,079					1,078	1,078
Total Passed Through the State of Michigan								
Department of Education		391.835	117.860	5,132	(41,856)	183.044	212,315	34,403
-r		,555	,000	-,102	(,550)	,	,_,	,

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-48

GIBRALTAR SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards (concluded)

Federal Grantor/Pass-Through Grantor/Program Title	9		(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2007	Internal Transfers	Cash Received/ Payments In Kind	Expenditures	Accrued (Deferred) Revenue at June 30, 2008	
U.S. Department of Education (concluded): Passed Through Wayne County Regional Educational Service Agency: Title VI-B I.D.E.A. Flow-Through Project: 070450-44 Project: 080450-44	84.027A 84.027A	\$ 755,049 732,941	\$ 755,049 	\$ 179,440 	\$ -	\$ 179,440 555,449	\$ - 723,179	\$ - 167,730	
Total I.D.E.A. Flow-Through		1,487,990	755,049	179,440		734,889	723,179	167,730	
Safe and Drug Free Schools: Project: 082860-0708	84.186	5,450					1,682	1,682	
Total Passed Through the Wayne County Regional Educational Services Agency		1,493,440	755,049	179,440		734,889	724,861	169,412	
Total U.S. Department of Education		1,885,275	872,909	184,572	(41,856)	917,933	937,176	203,815	
U.S. Department of Health & Human Services: Passed through Michigan Department of Community Health: Passed Through Wayne County Regional Educational Service Agency: Medicaid Outreach	93.778	914_			<u>-</u>	914_	914		
Total expenditures of federal awards		\$ 2,693,241	\$ 1,172,402	\$ 197,749	\$ (41,856)	\$ 1,347,022	\$ 1,436,210	\$ 286,937	

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2008

1. SECTION I - SUMMARY OF AUDITORS' RESULTS

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of Gibraltar School District (the "District"). Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The reporting entity of Gibraltar School District is defined in Note 1 of the District's basic financial statements.

The amounts reported on the R7120 (Grant Section Auditor's Report) reconcile with this schedule.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note I of the District's basic financial statements.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

October 31, 2008

Board of Education Gibraltar School District Woodhaven, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of *GIBRALTAR SCHOOL DISTRICT* as of and for the year ended June 30, 2008, and have issued our report thereon dated October 31, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Gibraltar School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2008-1 and 2008-2 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We do not consider the significant deficiencies described above to be a material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gibraltar School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted other matters involving the internal control over compliance, financial reporting and/or operating efficiency that we have reported to management of Gibraltar School District in a separate letter dated October 31, 2008.

Gibraltar School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Gibraltar School District's response and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the audit committee, management, the Board of Education, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Rehmann Lobson



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

October 31, 2008

Board of Education Gibraltar School District Woodhaven, Michigan

Compliance

We have audited the compliance of *GIBRALTAR SCHOOL DISTRICT* with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Gibraltar School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Gibraltar School District's management. Our responsibility is to express an opinion on Gibraltar School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Gibraltar School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Gibraltar School District's compliance with those requirements.

In our opinion, Gibraltar School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Gibraltar School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Gibraltar School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, the Board of Education, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Rehmann Lohan

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2008

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements Type of auditors' report issued: **Unqualified** Internal control over financial reporting: Material weakness(es) identified? ____ yes <u>X</u> no Significant deficiency (ies) identified not considered to be material weaknesses? X yes none reported Noncompliance material to financial statements noted? ____ yes X no Federal Awards Internal Control over major programs: ____ yes X no Material weakness(es) identified? Significant deficiency (ies) identified not considered to be material weaknesses? ____ yes ___X_ none reported Type of auditors' report issued on compliance for major programs: **Unqualified** Any audit findings disclosed that are required to be reported in accordance with ____ yes X no Circular A-133, Section 510(a)?

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

FOR THE YEAR ENDED JUNE 30, 2008

SECTION I - SUMMARY OF AUDITORS' RESULTS (Concluded)

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027 10.553 and 10.555	IDEA Special Education Cluster Child Nutrition Cluster
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	X yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2008-1: Audit adjustments

Criteria: The District is responsible for the reconciliation of all general ledger accounts to their proper underlying balances for the purpose of creating a reasonably adjusted trial balance, from which the basic financial statements are derived.

Condition: Significant adjustments were necessary to properly record an additional payable in the capital projects fund, and lease proceeds and capital outlay from a capital lease obligation.

Cause: In the closing process, the items described above were inadvertently omitted at year end.

Effect: As a result of this condition, certain accounts were not adjusted until after year and, and were corrected by adjusting journal entries.

Recommendation: The District should ensure that all closing adjustments are complete in the future.

View of Responsible

Officials: Management will review all closing adjustments in the future to verify that all items are recorded completely and in a timely manner.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

FOR THE YEAR ENDED JUNE 30, 2008

Finding 2008-2: Segregation of Incompatible Duties

Criteria: Management is responsible for establishing and maintaining effective internal control over

financial reporting and the safeguarding of the District's assets. In establishing appropriate internal controls, careful consideration must be given to the cost of a particular control and the related benefits to be received. Accordingly, management must make the difficult

decision of what degree of risk it is willing to accept.

Condition: Audit procedures detected instances where there is no segregation of duties in the process of

cash receipting, depositing and performing bank reconciliations. Ideally, no single individual should ever be able to authorize a transaction, record the transaction in the accounting records, and maintain custody of the assets resulting from the transaction. Effectively, proper segregation of duties is intended to prevent an individual from

committing an act of fraud or abuse and being able to conceal it.

Cause: This condition is a result of the District's size of the business office.

Effect: While there are, of course, no easy answers to the challenge of balancing the costs and

benefits of internal controls and the segregation of duties, we would nevertheless encourage management to actively seek ways to further strengthen its internal control structure by requiring as much independent review, reconciliation, and approval of accounting functions

by qualified members of management as possible.

Recommendation: One way to enhance the internal controls in the cash receipts area is to have a person

independent of the cash receipts and general ledger posting process complete the bank

reconciliations.

View of Responsible

Officials: Due to the change in personnel during the middle of the school year, we were not able to

have a staff person who is not handling the cash receipts perform the bank reconciliations. The new staff person will handle the reconciliations and not deal with the receipting of

revenues in the future. Management will review work after it has been performed.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Concluded)

FOR THE YEAR ENDED JUNE 30, 2008

SECTION IV – PRIOR YEAR FINDINGS

2007-1 Allocation and Certification of Payroll Expenditures

Office of Management and Budget Circular No. A-87, Cost Principles for State, Local, and Indian Tribal Governments, requires that when employees work on multiple activities, the distribution of their salaries or wages must be supported by personnel activity reports or a statistical sampling system that has been approved by the cognizant Federal agency. The Circular also requires that where employees are expected to work solely on a single federal award, charges for their salaries must be supported by at least semi-annual certifications that they worked solely on that program for the period covered by the certification.

The District has complied with the requirement for the year ended June 30, 2008.

* * * * * *



COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE UNDER SAS NO. 114

October 31, 2008

To the Board of Education of the Gibraltar School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the *Gibraltar School District* (the "District") for the year ended June 30, 2008, and have issued our report thereon dated October 31, 2008. Professional standards require that we provide you with the following information related to our audit.

<u>Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133</u>

As stated in our engagement letter dated August 5, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the District's

compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the District's compliance with those requirements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you during various discussions throughout the audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.

We evaluated the key factors assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management:

Unrecorded lease proceeds and capital outlay related to a new capital lease amounting to \$360,657.

Unrecorded accounts payable of \$63,810 in the capital projects fund.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 31, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Entity's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the governing body and management of the *Gibraltar School District* and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours, Rehmann Johann

Gibraltar School District

Comments and Recommendations

For the Year Ended June 30, 2008

In planning and performing our audit of the financial statements of the Gibraltar School District as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. The deficiencies we noted that we consider to be significant deficiencies are described as 2008-1 and 2008-2 in the Schedule of Findings and Questioned Costs in the District's Single Audit report.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Other Matters

Payroll Maintenance Report

During our audit procedures, it came to our attention that there is no formal review of changes made to the payroll system on a regular basis. We recommend that the District's "ISWAS report", which details all changes made to the payroll system for each pay date, be reviewed by someone independent of the payroll function before each payroll is processed.

Gibraltar School District

Comments and Recommendations

For the Year Ended June 30, 2008

<u>Cash disbursements – Student Activity Funds</u>

The District accounts for the student activity funds at each building. During our testing of cash disbursements for the Student Activity Funds, we noted that there were not proper approvals on the requisition forms for many disbursements. The District requires the building Principal to approve the disbursement and requires the additional approval of the District Superintendent if the disbursement is greater than \$1,000. We noted several instances where these approvals did not occur. We recommend that the District implement procedures to ensure that all appropriate approvals are obtained before there are funds disbursed.

* * * * *

FORM **SF-SAC** (8-6-2008)

U.S. DEPT. OF COMM. – Econ. and Stat. Admin. – U.S. CENSUS BUREAU

ACTING AS COLLECTING AGENT FOR
OFFICE OF MANAGEMENT AND BUDGET

AUDITS OF STATES, LOCAL GOVERNME	rm for Reporting on OFFICE OF MANAGEMENT AND BUDGET NTS, AND NON-PROFIT ORGANIZATIONS at each of the same of the s
Complete this form, as required by OMB Circular A-133, "Audits	of States, Local Governments, and Non-Profit Organizations."
PART 1 GENERAL INFORMATION (To be d	completed by auditee, except for Items 6, 7, and 8)
Month Day Year 1 X Single	rcular A-133 audit audit audit 1 X Annual 3 Other — Months am-specific audit
4. Auditee Identification Numbers a. Primary Employer Identification Number (EIN) 3 8 6 0 0 4 1 4 5 b. Are multiple EINs covered in this report? 1 Yes 2 X No c. If Part I, Item 4b = "Yes," complete Part I, Item 4c on the continuation sheet on Page 4.	 d. Data Universal Numbering System (DUNS) Number e. Are multiple DUNS covered in this report? 1 Yes 2 No f. If Part I, Item 4e = "Yes," complete Part I, Item 4f on the continuation sheet on Page 4.
5. AUDITEE INFORMATION	6. PRIMARY AUDITOR INFORMATION (To be completed by auditor)
a. Auditee name gibraltar school district	a. Primary auditor name
b. Auditee address (Number and street) 19370 VREELAND RB City WOODHAVEN	b. Primary auditor address (Number and street) 675 ROBINSON RD City JACKSON
State ZIP + 4 Code 4 8 1 8 3	State ZIP + 4 Code 4 9 2 0 4 -
C. Auditee contact Name KATHY WAYDA Title FINANCE MANAGER	C. Primary auditor contact Name DAVID M. FISHER Title PRINCIPAL
d. Auditee contact telephone	d. Primary auditor contact telephone
(734) 692 — 4004 e. Auditee contact FAX	(517) 787 — 6503
(734) 692 — 3905	(517) 788 - 8111
f. Auditee contact E-mail WAYDAK@GIBDIST.NET	f. Primary auditor contact E-mail DAVE.FISHER@REHMANN.COM
g. AUDITEE CERTIFICATION STATEMENT – This is to certify that, to the best of my knowledge and belief, the auditee has: (1) engaged an auditor to perform an audit in accordance with the provisions of OMB Circular A-133 for the period described in Part I, Items 1 and 3; (2) the auditor has completed such audit and presented a signed audit report which states that the audit was conducted in accordance with the provisions of the Circular; and, (3) the information included in Parts I, II, and III of this data collection form is accurate and complete. I declare that the foregoing is true and correct.	g. AUDITOR STATEMENT – The data elements and information included in this form are limited to those prescribed by OMB Circular A-133. The information/included in Parts II and III of the form, except for Part/III, Items/7, 8, and 9a-9f, was transferred from the auditor's report(s) for the period described in Part I, Items 1 and 3, and is not a substitute for such reports. The auditor has not performed any auditing procedures since the date of the auditor's report(s). A copy of the reporting package required by OMB Circular A-133, which includes the complete auditor's report(s), is available in its entirety from the auditee at the address provided in Part I of this form. As required by OMB Circular A-133, the information in Parts II and III of this form was entered in this form by the auditor based on information included in the reporting package. The auditor has not performed any additional auditing
Auditee certification Date	procedures in connection with the completion of this form.
ELECTRONICALLY CERTIFIED 11/10/2008	7a. Add Secondary auditor information? (Optional) 1 ☐ Yes 2 🕱 No
Name of certifying official	b. If "Yes," complete Part I, Item 8 on the continuation
KATHY WAYDA Title of certifying official	sheet on page 5. Auditor certification Date
FINANCE MANAGER	ELECTRONICALLY CERTIFIED 11/8/2008

_	INTERNET R	EPORT ID: 294521	VERSION: 1	Primary EIN: 3 8 - 6 0 0 4 1 4 5
	PART II	FINANCIAL	STATEMENTS (To be completed	d by auditor)
1.	Type of audit Mark either: any combina	1 X Und	qualified opinion OR alified opinion 3 Adverse opinion 4	Disclaimer of opinion
2.	Is a "going co	oncern" explanato	ry paragraph included in the audit report?	1 ☐ Yes ₂ X No
3.	Is a significar	nt deficiency disclo	ised?	1 X Yes 2 □ No – SKIP to Item 5
			oorted as a material weakness?	1 Yes 2 X No
		noncompliance di		1 ☐ Yes 2 🗷 No
	PART III	FEDERAL F	PROGRAMS (To be completed by a	auditor)
1.	statements in expending \$5	nclude department 500,000 or more ir	de a statement that the auditee's financial is, agencies, or other organizational units in Federal awards that have separate A-133 in this audit? (AICPA <u>Audit Guide</u> , Chapter 12	2) 1
2.	What is the c	lollar threshold to ar/A-133 §52i	distinguish Type A and Type B programs?	\$ 300,000
3.	Did the audit	ee qualify as a lo	v-risk auditee? (§530)	1 X Yes 2 □ No
4.	Is a significar	nt deficiency disclo	osed for any major program? (§510(a)(1)) 1 Yes 2 X No –SKIP to Item 6
5.	Is any signific weakness? (cant deficiency rep 510(a)(1)	ported for any major program as a material	1 ☐ Yes 2 ☐ No
6.	Are any knov	vn questioned cos	ts reported? (\$510(a)(3) or (4))	1 Yes 2 X No
7.	Were Prior A Prior Audit Fi	udit Findings relat ndings? (§31	ed to direct funding shown in the Summary 5(b))	y Schedule of 1 ☐ Yes 2 🗷 No
8.	Indicate which in the Summa	h Federal agend ary Schedule of P	cy(ies) have current year audit findings related rior Audit Findings related to direct fundings.	d to direct funding or prior audit findings shown (Mark (X) all that apply or None)
	nationa 10 Agricult 23 Appalar Commi 11 Comme 94 Corpora and Co 12 Defens 84 Educat 81 Energy 66 Enviror	chian Regional ssion erce ation for National mmunity Service e	General Services Administration Health and Human Services Homeland Security Housing and Urban Development Institute of Museum and Library Services Interior Justice Labor Legal Services Corporation	Records Administration National Endowment for the Arts National Endowment for the Humanities National Science Foundation Office of National Drug Control Policy Of State Transportation Treasury Veterans Affairs Ou X None Other - Specify:

Page 2 FORM SF-SAC (8-6-2008)

INTERNET REPORT ID: 294521 VERSION: 1

FEDERAL PROGRAMS - Continued

PART III

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IGS	Audit finding reference number(s)5	4	4		4]		4	4	4	4		
10. AUDIT FINDINGS	Type(s) of compliance requirement(s)4	N/A	N/A	A/N	N/A	N/A	₩	N/A	N/A	N/A	N/A		
10.		0	0	<u> </u>	0	0	0	0	0	0	0		
	rogram If yes, type of audit report 3 (h)		¬	<u></u>		//				n			
	Major program Major If yes, the program report (9) (h)	1 Yes	1 X Yes	1 X es	1 Yes	1	1 Yes	1 Yes	¹ ☐ Yes ² 🗶 No	1 X Yes 2 No	1 TYes 2 X No		
	Direct award (f)	1 X Yes	¹ Yes ² X No	2 X X X NC	2 X X S X	2 X NC	1 Yes	1 Yes	1 TYes 2 X No	1 TYes 2 X No	¹ ☐ Yes ₂ 🗷 No		
	Amount expended (e)	43,198 .00	60,587	252,742.00	141,593.00	102,753.00	107, 528.0 0	955.00	1,079	723,179	1,682.00	1,436,210 .00	
		↔	₩	₩	₩	\$	4	↔	↔	\$	\$	↔	
FEDERAL AWARDS EXPENDED DURING FISCAL YEAR	Name of Federal program (d)	FOOD DISTRIBUTION PROGRAM	NATIONAL SCHOOL BREAKFAST PROGRAM	NATIONAL SCHOOL LUNGH PROGRAM	GANG RESISTANCE EDUCATION AND TRAINING		TITLE II, PARTA	TITLE II, PART D	TITLE V, PART A	TITLE VI-B IDEA FLOWTHROUGH	SAFE AND DRUG FREE SCHOOLS	S EXPENDED —————	1 See Appendix 1 of instructions for valid Federal Agency two-digit prefixes.
	Research and development (c)	1 Yes	1 Yes	1 X X S	1 Yes	√	1 Yes	1 Yes	¹ ☐ Yes ² 🗶 No	1 Yes 2 X No	1 ☐ Yes 2 🗷 No	AWARD	structions for va
9. FEDERAL AWARDS E	CFDA Number Federal Agency Extension 2 Prefix (b)	1 0 .550	1 0 .553	1 0 .55	1 6 737	8 4 7.010	8 4 867	8 4 .318	8 4 .298	8 4 .027A	8 4 .186	TOTAL FEDERAL AWARDS EXPENDED	1 See Appendix 1 of ins

Υ.

relocation assistance

L. Reporting M. Subrecipient monitoring

Special tests and provisions

None z o d

Other

C. Cash management

D. Davis – Bacon Act 5 N/A for NONE

² Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available. (See Instructions)

³ If major program is marked "Yes," enter only one letter (**U** = Unqualified opinion, **Q** = Qualified opinion, **A** = Adverse opinion, **D** = Disclaimer of opinion) corresponding to the type of audit report box blank.

⁴ Enter the letter(s) of all type(s) of compliance requirement(s) that apply to audit findings (i.e., noncompliance, significant deficiency (including material weaknesses), questioned costs, fraud, and other items reported under §____.510(a)) reported for each Federal program.

A. Activities allowed or unallowed B. Allowable costs/cost principles

E. EligibilityF. Equipment and real property managementG. Matching, level of effort, earmarkingH. Period of availability of Federal funds

Procurement and suspension and debarment

Real property acquisition and Program income

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Primary EIN:

	SONIC	A. Oit finding	Audit finding reference number(s) 5 (b)		ΝΆ											
	10. AUDIT FINDINGS	Type(s) of compliance requirement(s)4		(a)	0											onding to the
•		ogram	If yes, type of audit report 3	(h)												on) corresp
		Major program	Major program	(g)	1 Yes	1 Yes	es ON ON	1 Yes	1 C Kes	1 Yes	1 Yes	1 Yes	1 Yes	1 Yes		laimer of opini
		Direct award		(f)	¹ Yes ² X No	1 Yes	7 Yes		1 Yes	1 Yes	1 Yes 2 No	1 Yes 2 No	1 Yes 2 No	1 Yes 2 No		ctions) on, D = Disc
		Amount expended (e)		(e)	914.00	00		8	8.	9.	00.	00.	00.	00.	1,436,210.00	available. (See Instruc
					↔	€.	6	\$	8	49	₩	↔	↔	↔	↔	er is not a
FEDERAL PROGRAMS – Continued	FEDERAL AWARDS EXPENDED DURING FISCAL YEAR		Name of Federal program	(p)	MEDICAID OUTREACH										S EXPENDED —————	1 See Appendix 1 of instructions for valid Federal Agency two-digit prefixes. 2 Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available. (See Instructions) 3 If major program is marked "Yes," enter only one letter (U = Undualified opinion, Q = Qualified opinion, D = Adverse opinion, D = Disclaimer of opinion) corresponding to the
	XPENDED	Research	and develop- ment	(c)	¹ ☐ Yes ² 🗶 No	1 Yes	1 × 6 × 8		NO X	1 Yes	Yes No	1 Yes	1 Yes	1 Yes	AWARD	irructions for v imber when th arked "Yes," e
PART III FED	AWAR	CFDA Number	Federal Agency Extension 2 Prefix1	(a) (b)	9 3 .778							 <u>-</u> 		-	TOTAL FEDERAL AWARDS EXPENDED	2 Or other identifying nu final fina

type of audit report in the adjacent box. If major program is marked "No," leave the type of audit report box blank.

⁴ Enter the letter(s) of all type(s) of compliance requirement(s) that apply to audit findings (i.e., noncompliance, significant deficiency (including material weaknesses), questioned costs, fraud, and other items reported under §___.510(a)) reported for each Federal program. A. Activities allowed or unallowed B. Allowable costs/cost principles C. Cash management

E. EligibilityF. Equipment and real property managementG. Matching, level of effort, earmarkingH. Period of availability of Federal funds

1. Procurement and suspension and debarment

Real property acquisition and relocation assistance Program income 그 국

L. ReportingM. Subrecipient monitoringN. Special tests and provisionsO. NoneP. Other

D. Davis – Bacon Act 5 N/A for NONE

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Primary EIN:

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b. Secondary Auditor address (Number and street) b. Secondary Auditor address (Number and street) Secondaly/Auditor contact telephone Secondary Auditor contact telephone f. Secondary Auditor contact E-mail f. Secondary Auditor contact E-mail Secondary Auditor contact FAX Secondary Auditor contact FAX Secondary Auditor contact Name Secondary Auditor contac a. Secondary Auditor name 3. a. Secondary Auditor name ZIP + 4 Code ZIP + 4 Code State State Title City City e ပ ė ਰਂ 6 **b.** Secondary Auditor address (Number and street) Secondary Auditor address (Number and street) 8. Part I, Item 8, Secondary Auditor's Contact Information. (List the Secondary Auditor's Contact information) Secondary Additor contact telephone Secondary Auditor contact telephone Secondary Auditor contact E-mail f. Secondary Auditor contact E-mail Secondary Auditor contact FAX rdary Auditor contact FAX Secondary Axditor contact Secondary Auditor contact Name a. Secondary Auditor name a. Secondary Auditor name ZIP + 4 Code ZIP + 4 Code State State City City Title **GENERAL INFORMATION - Continued** ė. rj j ਰਂ તં S, N / A

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